



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

From: Secretary of the Navy's Retiree Council
To: Secretary of the Navy
Via: Deputy Assistant Secretary of the Navy (Military Personnel Policy)

Subj: 2008 REPORT OF THE SECRETARY OF THE NAVY'S RETIREE COUNCIL

Ref: (a) SECNAVINST 5420.169H
(b) DASN(MPP) ltr of 20 February 2008

Encl: (1) Department of the Navy recommendations for SECNAV
(2) Department of Defense recommendations for SECNAV
(3) VA recommendations
(4) Additional comments for SECNAV 07 recommendations
(5) SECNAV charter, proposed revision

1. The Secretary of the Navy's Retiree Council met at the Washington Navy Yard 14-18 April 2008 pursuant to references (a) and (b).

2. The Council extends thanks to the Secretary of the Navy and the Secretary's staff for their superb support provided to the Council for the 2008 meeting. Their efforts resulted in a well planned, coordinated and executed meeting. This year's briefings provided the Council with important information relevant to the retired community. The Admiral Gooding Center continues to be a first class facility which significantly supported the Council's mission. We request that this facility be made available again for next year's meeting.

3. The Co-Chairmen plan to continue interface with the Council members during the year prior to next year's Council meeting. It is anticipated that this communication would occur in the fall and two months prior to the 2009 meeting. It is requested that the Secretary assist in coordinating conference calls, teleconferencing, or another appropriate fora to facilitate communication with the Council to include the Deputy Assistant Secretary of the Navy (Military Personnel Policy).

4. It was very beneficial for the Co-Chairmen to meet with the Chairs/Senior Representatives of the Service Retiree Council counterparts in March 2008. To further discuss issues of mutual interest, it is requested that there be consideration of scheduling the 2009 Secretary of the Navy's Retiree Council annual meeting simultaneously with the Army Retiree Council's annual meeting. The Co-Chairmen would value addressing the Army Council as well as including the Army Co-Chairmen in our presentations.

5. The Council examined several issues of interest to the retired community including retiree benefits and entitlements, recognition of the retired community, and opportunities to tap the retired community as a volunteer resource. With regard to these issues, the following items merit your attention:

- a. The Council acknowledges the significant emphasis being placed on care for our severely injured Sailors and Marines. Plans include use of retiree volunteers to facilitate the transition of these men and women from active duty to the medically retired community. A formal, well funded structure must be implemented to ensure the success of this effort. To support these efforts, the Retired Activities Program needs paid coordinators to provide consistent, quality support and expertise.
- b. The Council is impressed with the dedicated Assistant Secretary of the Navy staff, but perceives there is a need to review the current staffing requirements of this office. Accordingly, we recommend that a dedicated full time person be assigned to the staff of the Deputy Assistant Secretary Navy (MPP) to lead all efforts regarding the mission of the Council.
- c. The Council values the professionalism and initiative displayed by The Military Coalition and Veteran Service Organizations as they serve as champions of the military. We are pleased by the strong relationship generated between the Council and these professionals and intend to encourage a stronger partnership in the future.
- d. A Council member who was a Commissioner of the Veterans' Disability Benefits Commission briefed the Commission results. The Council feels these results provide a framework for restoring trust to our veterans and appreciates the DoN continued oversight of implementing the results.
- e. The Council continues to recommend the establishment of an annual Retiree Appreciation Day. This is a vital resource for Installation Commanders to recognize contributions and current volunteer efforts of the Navy and Marine Corps retirees. The Council recommends either October (Navy Birthday) or November (Marine Corps Birthday) be used for these appreciation events.

4. The Council has identified the issues seen in Enclosures (1), and (2) and Enclosure (3) representing the 2008 Council's recommendations for the Secretary of the Navy.

5. This Council reviewed recommendations made by the 2007 Council and is pleased to see progress made on many of our recommendations, but is concerned about the lack of progress made on several important issues. Deferred and open items from that report are

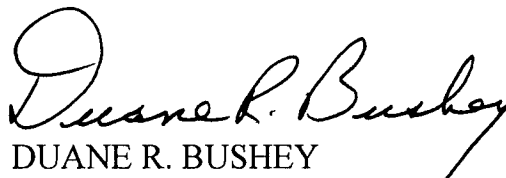
considered current and should continue to be pursued. In some cases, there are closed items which the Council believes are worthy of reconsideration due to on-going studies, changing circumstances, and/or potential legislation. Comments on these items are included in Enclosure (4)

6. The Council reviewed Reference (a). Enclosure (5) outlines the proposed changes to the Secretary of the Navy Retiree Council charter. Additionally, SECNAV INSTRUCTION 5430.7N, 9 June 2005, Assignment of Responsibilities and Authorities in the Office of the Secretary of the Navy, was reviewed. To highlight the Continuum of Service, Council recommends that "*retiree*" be added to paragraph 7.b.(4).

7. The Council requests that a "mid-year" status of responses to the 2008 Council recommendations as well as those 2007 items that are still pending be provided by 31 October with the final responses provided prior to next year's Council meeting.



FRANK LIBUTTI
Lieutenant General
U.S. Marine Corps (Retired)
Co-Chairman



DUANE R. BUSHEY
Master Chief Petty Officer of the Navy
U.S. Navy (Retired)
Co-Chairman

Copy to:
ASN (M&RA)
DASN (MPP)
CNO (00)
CMC
Individual RC members
Editors, *Shift Colors/ Semper Fidelis*
SECNAV Retiree Website

Item No. A1-08

**Subject: PAID RETIRED ACTIVITIES OFFICE PROGRAM
COORDINATORS (RAOPC)**

RECOMMENDATION (Repeat recommendation. Remains number one priority):

That the Secretary of the Navy approve paid RAO Program Coordinators.

DISCUSSION:

Presently the Navy and the Marine Corps each have only one full-time paid position. This has proven to be a valuable tool for the local commander and a resource for the retiree community. Their existence has relieved the burden on active duty personnel administrative systems by giving the retired community a single point of contact who is the expert on the needs of the retired community. However, this effort is not sufficient to cover naval regions and Marine Corps major bases.

Secretary of the Navy Instruction 5420.169J, Department of the Navy Retired Activities Program, defines the parameters of the Retired Activities Office (RAO) organization, structure, mission, and support requirements. Support for the RAO Program as envisioned by our predecessors is shrinking and our retiree communities are being deprived of a valuable necessary service. RAOs are staffed by volunteers with the primary responsibility of providing assistance and support to the retirees, their spouses, family members, and survivors. Navy volunteer RAOs have decreased from sixty-four to fifty-seven since last year and support to the RAOs at some bases and installations have also decreased. This is at a time when the numbers of medically retired personnel with complex issues has dramatically increased. The value of the volunteer RAO depends on an accessible location to service retirees and the ability to provide assistance to them in time of need. Command support for full-time paid RAO Regional Coordinators is an essential component to the success of the program.

These full time positions would enhance the existing fifty-seven volunteer U. S. Navy RAOs and the sixteen volunteer Marine Corps RAOs. Volunteers currently staff these offices on a "catch as catch can" basis, and in many areas these offices remain vacant. A full time paid RAOPC would coordinate activities of the RAOs and oversee/support the volunteers who continue to staff the RAO and foster coalitions with community based organizations. This approach to ensuring excellent assistance to the retired Navy and Marine Corps family is aligned with industry customer service best practices.

The U.S. Army has an established program of 93 paid Retirement Service Officers (46 CONUS; 47 OCONUS) that is very successful and could serve as a model.

In addition to supporting retirees in their area, the RAOPCs can also support the local commands in their area by serving as the single point of contact for commanders on

Enclosure (1)

retiree, veteran, and survivor issues. They can recruit, train and coordinate retiree and veteran volunteer efforts to support and augment base training, education, and social services. This would coordinate efforts of retiree and veteran volunteers to support Wounded Warrior and Safe Harbor programs, among others. A volunteer activities coordinator must be a paid position for consistency, reliability and accountability.

Retirees and veterans serve as a major source of information for the recruiting of young Americans into the armed forces and provide mentoring and advice to our young men and women. Paid RAOPCs would support this effort by ensuring the information retirees and veterans are providing is correct and up to date as well as keeping retirees and veterans aware of current Service and Base Commander's programs and policies.

An enhanced structure allows for consistency in managing, recruiting, and training RAO volunteers. It would also provide a means for ensuring the quality of service is consistent throughout the RAOs and provide a means of accountability to local commanders of all services. The Retired Activities Program does not have a Program Manager at the local level. The Marine Corps has developed, staffed, and has under consideration a Marine Corps Order to implement the paid RAOPC concept at the Marine Corps level. The Retiree Council is encouraged by the Marine Corps' leadership, and strongly views a viable RAO Program as a necessary tool to strengthen our military commitment to "take care of our own".

The Secretary of the Navy's Retiree Council feels very strongly that quality of service will be greatly enhanced for retirees and active duty commands by establishment of Full Time Equivalent (FTE) paid Retired Activity Office Program Coordinators (RAOPCs) in areas that have high concentrations of retirees.

ACTION NEEDED:

Approve paid Retired Activities Office Program Coordinators at major commands and naval districts.

POC: LtCOL Waggoner, USMC Ret
011-0039-081-721-2689

Item No. A2-08

Subject: ESTABLISHMENT OF UNITED STATES NAVAL AUXILIARY

RECOMMENDATION:

That the Secretary of the Navy commission the United States Naval Auxiliary to utilize retiree and other volunteers to support both active duty commanders.

DISCUSSION:

Secretary of the Navy Retiree Councils have repeatedly recommended the creation of a US Naval Auxiliary. In response, the Secretary referred the recommendation to the Total Force Transformation Working Group stating, that the proposal was “clearly feasible” and held “great promise for the Department of the Navy organization as it seeks to restructure itself into a more agile, flexible workforce...” An official study is ongoing by the Center for Naval Analyses (CNA) to visit the concept and determine possible uses and mission for such an organization. In a preliminary briefing on this study, the CNA identified base and sailor support opportunities such as: security augmentation, administrative support functions, MWR & Fleet and Family Support Programs, Safe Harbor and Wounded Warrior Regiment and enhance recruiting / retention. In some cases, retirees who have specialized skills, formal education and experience could perform operational duties.

While this study continues, we offer the following brief discussion of two well established and successful all volunteer auxiliaries.

The United States Coast Guard established the Coast Guard Auxiliary (USCGA) in 1941. Coast Guard operations, recruiting and public opinion all benefit from the existence of the USCGA. Boater safety, search and rescue operations represent the greater missions of the USCGA, but at many locations communication centers are manned, administration duties are assumed and watches are stood by well trained and experienced individuals who make up the USCGA. These assets provide value in dollars saved and manpower available to local base commanders. Local communities benefit from the USCGA missions. Coast Guard stations rely on the auxiliary members to back fill billets when manning requirements exceed normal levels.

The United States Air Force (USAF) created the Air Force Auxiliary, Civil Air Patrol (CAP) also in 1941. While the primary mission of the CAP is search and rescue of civil aircraft, public service during natural disasters, counter drug reconnaissance, cadet programs and aerospace education and awareness are also active programs. While these benefits are tracked and statistics available, the collateral ‘good will’ public opinion clearly enhance US Air Force recruiting. In the case of the CAP, dollar benefits can be closely estimated by using the published ‘false alarm’ fees for unnecessary searches and

factoring valid cases. The CAP has proven to be an asset to the Air Force and is included in emergency plans.

Additional examples mentioned in the CNA brief included the Washington State Guard, Oregon State Defense Force, and California State Military Reserve. Each of these is a volunteer organization that supplements the State National Guard. They are unpaid, voluntary positions, unless activated by their respective governors.

The benefits realized from utilization of significant experience and training of retirees far outweighs the small start-up and management cost.

ACTION NEEDED:

- **Establish Naval Auxiliary.**
- **Use recommendations of current CNA study to develop organization structure and mission.**

POC: CTRCS Gary Poplin, USN, Ret, 214-693-8227

Item A3-08

Subject: Department of the Navy (DON) Volunteer Program

RECOMMENDATION:

The Secretary of the Navy direct CNO/CMC to better utilize retiree volunteers to support operational functions.

DISCUSSION:

DOD Instruction 1100.21 series and OPNAV Instruction 5380.1A documents the policies, responsibilities and procedures for acceptance and use of voluntary services. However the use of volunteers for operational support is not addressed in these instructions. The Council strongly feels that SECNAV direction should be extended to operational support of Naval missions as detailed in SECNAV Memo : Department of the Navy Objectives for FY 2008 and beyond dtd Oct 9, 2007 specifically to augment:

- The Total Naval Workforce capable of and optimized to support the National Defense Strategy
- Combat Stress Control programs
- Safeguard the People and Resources of the Navy-Marine Corps Team
- Strengthen ethics as a foundation of exemplary conduct

DON presently does not fully utilize all available resources. As an analogy, a stool has four legs for support. The DON also has four legs for support (active duty, reserves, civil service and retirees). At the present time, the retiree leg is not being fully utilized. A recent DON survey indicates over 60% of retirees are willing to volunteer to support military missions.

Retiree volunteers presently support such programs as the Retired Activities Program, Safe Harbor/Wounded Warrior Programs and other efforts. This Retiree Council believes the scope of retiree support to operational Commanders could be expanded.

The Coast Guard Auxiliary and the Civil Air Patrol are examples of volunteer organizations used in an operational capacity. As previously recommended, an organization such as a Naval Auxiliary could be used in a like manner assisting operational commands. A study is presently being conducted by the Center for Naval Analysis on the feasibility of the cost/benefit rational of developing such an organization.

Management/administration of the DON Volunteer Program can be attained through the previously recommended paid Retired Activities Office Program Coordinators. Subject individuals could be responsible for recruiting, training and coordination of retiree volunteers.

ACTION NEEDED:

The SECNAV Retiree Council strongly feels that to not take full advantage of retire volunteers with their attended years of experience, training and stability would deny senior commanders of an unprecedented opportunity to lessen the active duty workload with little to no loss of quality response.

Item No. A4-08

Subject: SECNAV RETIREE COUNCIL WEBSITE

RECOMMENDATION:

That the Secretary of the Navy continue to support the Council website.

DISCUSSION:

The SECNAV Retiree Council thanks the Secretary for his decision to support the Retiree Council Website as a valuable resource for the Navy and Marine Corps community. The Council Website was created and successfully launched in March 2004 on the Lifelines Website. However, in July of last year, the contract for webmaster and technical support of the Lifelines Website was moved from the Washington Navy Yard to Pensacola, FL. The new contract apparently did not include technical support for the Council Website. Continued support of the website (updating information and links, modifications to the web pages, etc.) require technical support and expertise currently not available in the SECNAV Council support office.

ACTION NEEDED:

That a local site administrator be made available to support the council website on an as required basis.

POC: Annie Fowler, DASN, 703-693-0217

Item No: B1-08

Subject: BAR DISPROPORTIONAL MILITARY HEALTH CARE FEE INCREASES

RECOMMENDATION:

That the Secretary of Defense consider other Department of Defense (DoD) and government options to contain health care costs without penalizing beneficiaries.

DISCUSSION:

DoD asserts that rising health care costs are competing with weapons programs. The Joint Chiefs have endorsed TRICARE fee increases because the choice was forced upon them by Pentagon leaders, who want the increases to bring military beneficiary costs more in line with civilian practices. Comparison with corporate practices is inappropriate. Exceptional military medical and retirement benefits are the primary offsets for enduring decades of extraordinary arduous service conditions. Military retirees pay huge "up front" health premiums through 20-30 years of service and sacrifice. Recruiting problems show that few Americans are willing to pay that heavy premium for that benefit. Proposed increases would far outstrip annual retired pay increases and greatly erode retired compensation value. Congress knew enacting TRICARE for Life would not be cheap. For four years, Congress rejected far smaller Veterans Affairs increases for nondisabled veterans who served as few as two years. Quadrupling fees and penalizing those who served 20-30 years in uniform would be even more inappropriate. While fee increases and higher pharmacy co-pays may result in short-term savings, they could actually increase health costs by deferring patients' use of medications and needed health care. Promoting healthy lifestyles and disease prevention are the foundations of sound health care and any barriers in the attainment of these goals should be removed.

ACTION NEEDED:

- a. Increase TRICARE physician reimbursement rates. Physicians have indicated that TRICARE and MEDICARE are some of the lowest-paying plans in the country and impose far more administrative requirements than other plans. For this reason, beneficiaries at many locations have difficulty finding providers willing to take them. The government has a moral and practical reciprocal obligation to provide benefits commensurate with the extraordinary commitments it requires from career service members and should ensure appropriate medical care is provided to these members. By law TRICARE rates are tied to MEDICARE rates. This may necessitate changing the law in order to increase the TRICARE reimbursement rates.
- b. Reject TRICARE premium hikes and support Bills establishing fee limits. Pending legislative actions, expressed in S. 604, H.R. 579 reflect in detail the will of the Retiree Council. The Council strongly encourages support from the Secretary of the Defense and the other Service Secretaries.

Point of Contact:
COL Jordan, USMC, RET, 858-780-1641

Enclosure (2)

Item No: B2-08

Subject: COMPREHENSIVE HEALTH CARE FOR RETIREES AND THEIR FAMILIES

RECOMMENDATION:

That the Secretary of Defense, along with TRICARE Management Activity (TMA), continues to work towards the improvement of health care delivery to retirees and their families.

DISCUSSION:

A. Preventive Services. Make selective preventive services a covered benefit with no cost-shares for TRICARE Standard beneficiaries. TRICARE Standard requires cost-shares for immunization, cancer screening, vision examination and other preventive care. Prevention is a primary goal of a sound health maintenance program. Its effects on decreasing long term health care expenditure are well known. For example, Dr. Amal Tivedi, an assistant professor of community health at Brown University in a recent study found that “for highly valuable services such as mammography insurers should eliminate co-pays. It could save lives and it doesn’t make a lot of sense if it deters women from getting timely screenings.”

ACTION NEEDED:

Remove unnecessary barriers to proven evidence-based preventive care as described above by including them in the new TRICARE Standard contracts.

B. TMOP Incentive - Provide an incentive to increase utilization of the TRICARE Mail Order Pharmacy (TMOP) by offering Tier 1 pharmaceuticals at no charge. In 10USC 1074g, cost sharing for pharmaceuticals is discussed. It was previously recommended that the use of the TMOP be increased by (1) increasing retail pharmacy co-pays and/or (2) decreasing or eliminating TMOP co-pays, (3) additional education and (d) additional marketing. According to the 15 April TRICARE presentation by Mr. Bob Moss to the SECNAV Retiree Council, retail prescriptions continue to exceed TMOP scripts by five times; and the cost of former exceeds the latter by a factor of four. Because neither the additional marketing nor additional education has resulted in significant increased use of the cost-effective TMOP, it is now recommended that TMOP co-pays for at least Tier 1 pharmaceuticals be eliminated. Properly promoted, this strategy could result in a measurable increase in TMOP prescriptions. Should it not, then increasing retail and/or initiating Military Treatment Facility (MTF) pharmaceutical fees should be instituted.

ACTION NEEDED:

Implement a pilot program with a cost benefit analysis for 1 year and evaluate the results.

C. Prime Network Availability - Ensure that language in new TRICARE contracts is uniform in the requirement to develop provider networks outside of the Prime Service Area (PSA) and to expand Prime Network Availability. In underserved locations, prime network availability continues to be a problem for retirees. Some TRICARE contractors have established provider networks outside of prime service areas per contract. According to a recent article by Tom Philpott in Military.com, (TRICARE Eyes Fewer Prime Networks) contractors, in order to make more cost competitive bids are dismantling provider networks that are not near MTF's or BRAC sites. This needs to be a uniform benefit for all beneficiaries.

ACTION NEEDED:

Future TRICARE contracts should include language that ensures a uniform benefit that expands TRICARE Prime provider networks outside of prime service areas.

D. Patient Enrollment Data Transfer - Improve communication between the managed care support contractors providing a seamless electronic transfer of patient enrollment data to ensure continuity of care. We have a very mobile society where information technology is advancing rapidly. Communication is a vital link to make important health care decisions and provide timely health care delivery. There have been instances where health care has been delayed because of failure to transmit vital data. Future TRICARE contracts should include a common language and well-defined processes to ensure that there is a seamless transfer of enrollment data to the new location.

ACTION NEEDED:

Ensure that processes are in place and reviewed for efficacy to provide for timely transmission of patient enrollment data from one region to another.

E. TRICARE Patient Education - Improve the educational process for TRICARE beneficiaries moving from one TRICARE area to another and also utilizing the TRICARE benefits when an employer health care plan is available.

There is a continuing need to effectively communicate to retirees to ensure understanding of benefits to which they are entitled, and where to go for assistance. The recently completed Navy and Marine Corps OCONUS survey indicated the need for more education about TRICARE services. In accordance with 10USC 1095e, counseling and assistance coordinators for beneficiaries are required. Beneficiaries have asked for clarification and additional information about moving from one TRICARE area to another and the utilization of TRICARE/ TRICARE Mail Order Pharmacy (TMOP) when an employer health care plan is available.

ACTION NEEDED:

Review and improve current processes for communication of information about TRICARE to beneficiaries.

POC CAPT SWANSON, NC, USN, RET
585-393-7491

Item No: B3-08

Subject: The “Disabled Veterans Tax”: FULL AND CONCURRENT RECEIPT OF MILITARY RETIRED PAY AND VETERANS AFFAIRS (VA) DISABILITY COMPENSATION

RECOMMENDATION:

That the Secretary of the Navy recommends that the Secretary of Defense and the other Service Secretaries support legislation and funding allowing concurrent receipt of military retired pay and VA disability compensation for all retirees, regardless of disability rating or years of service.

DISCUSSION:

Before 2000, a century-old law forces thousands of disabled military retirees to fund their own VA disability compensation by forfeiting \$1 of their service-earned military retired pay for each \$1 of disability compensation received from the VA. Military retired pay is earned compensation for the extraordinary demands and sacrifices inherent in a military career. Military people forced into medical retirement by service caused disabilities before attaining 20 years of service should be “vested” in retired pay earned by service. They should not be penalized financially solely because they had the misfortune to incur service-caused disability. Veterans’ disability, on the other hand, is recompense for pain, suffering, and lost future earning power caused by a service-connected illness or injury. Few retirees can afford to live on their retired pay alone, and a service-caused disability makes the problem worse by limiting or denying any post-service working life. Congress has enacted a series of incremental changes to the law that have progressively eased or eliminated this unfair offset for about one-third of disabled retirees. In addition to enacting partial relief, Congress also chartered a commission to review DoD and VA disability benefits and make recommendations to Congress for action. The commission’s report stated: “Military retirement benefits are intended to compensate for years of service, while VA disability compensation is intended to compensate for disability or death attributable to military service. It should be permissible to receive both benefits concurrently”.

ACTION NEEDED:

Change the law to extend Concurrent Retirement and Disability Pay (CRDP) eligibility to all disabled retirees, regardless of years of service or disability rating. By changing the law, military retirees would be on equal footing as retired civil service employees who are veterans and receiving their VA benefits and civil service retired pay without penalty. Pending legislative actions, expressed in S. 439, H.R. 333 and H.R. 303, reflect in detail the will of the Retiree Council. The Council strongly encourages support from the Secretary of Defense and approval by Congress.

COL JORDAN, USMC, RET, 858-780-1641

Item No. B4-08

Subject: PRE-TAX HEALTH INSURANCE PREMIUMS

RECOMMENDATION:

That the Secretary of the Navy recommends that the Secretary of Defense and other Service Secretaries support legislation to amend the Internal Revenue Code (IRS) allowing retired military members and federal civilian annuitants to pay their health insurance premiums on a pre-tax basis.

DISCUSSION:

Many federal and military retirees pay premiums for a variety of health insurance programs, such as TRICARE premiums, Federal Employees Health Benefit Plan premiums, and TRICARE Retiree Dental Plan premiums. For the vast majority, these health insurance premiums are not tax-deductible because their health care expenses do not exceed 7.5 percent of their adjusted gross taxable income.

Since 2000, federal civilian employees have been able to use pre-tax dollars to pay health insurance premiums to the Federal Employees Health Benefits Program under the "Premium Conversion" program. Premium conversion uses federal tax rules to let employees deduct their share of health insurance premiums from their taxable income, thereby reducing their taxes. This plan is similar to the private sector, where employees have been allowed to deduct health insurance premiums from their taxable incomes for many years. Under current law, retired federal civilian employees and military retirees are not eligible to participate in this program.

This item was previously submitted by the Retiree Council and the Secretary agreed to concur with appropriate legislation. H.R. 1110 and S. 773 Bills, introduced in March 2007, propose amending the IRS Code of 1986 to allow retired military members and federal civilian annuitants to pay their health insurance premiums on a pre-tax basis.

ACTION NEEDED:

A positive endorsement by the Secretary of Defense and the Service Secretaries is critical to moving the proposed legislation forward. This action would restore equity for military and federal civilian retirees with many private sector and federal civilian workers who can pay their health premiums with pre-tax dollars. This is especially important in light of proposed increases in military health care premiums for retirees.

POC: COL JORDAN, USMC, RET 858-780-1641

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POC: COL JORDAN, USMC, RET 858-780-1641

Item No: B5-08

**Subject: ELIMINATE THE SURVIVOR BENEFIT PLAN (SBP)/
DEPENDENCY INDEMNITY COMPENSATION (DIC) OFFSET
COMPLETELY**

RECOMMENDATION:

That the Secretary of the Navy recommends the Secretary of Defense and other Service Secretaries support legislation allowing all recipients of Dependency Indemnity Compensation (DIC) and Survivor Benefit Plan (SBP) to receive both concurrently.

DISCUSSION:

In January 2008, President Bush signed the 2008 National Defense Authorization Act (NDAA) (Public Law 120-181). Instead of ending the offset, Section 644 authorized a token \$50 monthly payment, referred to as survivor indemnity allowance, to all survivors of disabled service members, who died as a result of their disability and were entitled to retired pay. This entitlement becomes effective October 1, 2008 and increases to a maximum of \$100 per month by October 2012. This new entitlement recognizes the unfairness of the offset, but it is in no way comparable to doing away with the offset completely and leaves out a group of surviving spouses. The words "entitled to retired pay" are key to receipt of this payment. With this wording, the 2008 NDAA prevents survivors of active duty members who died in combat from receiving this survivor indemnity allowance.

Survivor Benefit Plan (SBP) is a purchased insurance policy by a retiree and is intended to provide a portion of retired pay to the beneficiary. DIC is a special indemnity compensation paid by the Department of Veterans Affairs (DVA) to a surviving widow or widower when a service member's death is service connected. These are two distinctively different entitlements.

Surviving spouses of Federal civil service retirees (who were disabled veterans and died of military-service-connected causes) will receive DIC without losing any of their purchased Federal civil service SBP benefits.

ACTION NEEDED:

A legislative change is required to totally eliminate the offset of all surviving spouses receiving DIC and SBP. S.935 and H.R. 1927 are two Bills that propose repealing the offset of DIC payments from SBP annuities. The Retiree Council strongly supports the intent of these Bills and requests the support of the Secretaries.

POC: COL JORDAN, USMC RET 858-780-1641

Item No: B6-08

**Subject: AUTHORIZE A DISLOCATION ALLOWANCE FOR RETIRING
SERVICE MEMBERS**

RECOMMENDATION:

That the Secretary of the Navy recommends that the Secretary of Defense and other Service Secretaries support a legislative change to authorize the payment of a dislocation allowance to members of the armed forces who are executing their final orders to retire.

DISCUSSION:

To assist service members in defraying costs incurred when moving from one duty station to another, Congress authorized the payment of a dislocation allowance. This authority did not extend to service members retiring from the service. Personnel who retire or transfer to the Fleet Reserve face the same expenses as if transferring to a new duty station. In many cases, the retiree will face new financial demands, such as rental deposits, mortgage closing costs, and property and health insurances, on an active duty income that has been reduced 50 to 60 percent. Retiring service members, who move their households to a location in excess of 50 miles from their final duty station, should be entitled to a dislocation allowance. The period of this entitlement should be consistent with the period of entitlement to a final move of household goods.

ACTION NEEDED:

A legislative change is required and H.R. 2996 "The Military Retiree Dislocation Allowance Act" is a Bill to amend Title 37, United States Code and authorize the payment of a dislocation allowance for members of the armed forces who are executing their final orders to retire or transfer to an inactive duty status. The Bill applies to those with 20 or more years in the military moving their households to a location in excess of 50 miles from their final duty station. The Retiree Council strongly supports the intent of this Bill and recommends the Service Secretaries support its passage.

Point of Contact:
COL Jordan, USMC, RET
858-780-1641

Item No: B7-08

Subject: WAIVER OF CERTAIN RETIRED PAY OVERPAYMENTS

RECOMMENDATION:

That the Secretary of the Navy recommends that the Secretary of Defense and other Service Secretaries support legislation to provide forgiveness of certain overpayments of retired pay paid to deceased retired members of the Armed Forces.

DISCUSSION:

When a military retiree passes away, it frequently takes a surviving family member at least two weeks before notifying the Defense Finance and Accounting Service (DFAS) of the death. As a consequence, the monthly retired pay payment for the month in which the retiree dies is deposited into a bank account – often a joint bank account. Under current law, DFAS is required to recoup the payment. This places additional stress and a financial burden on the bereaved family.

The United States should waive any overpayment of retired or retainer pay arising from payment of such retired or retainer pay for any period after the date of death of the recipient through the last day of the month in which such death occurs.

ACTION NEEDED:

A legislative change to the United States Code is required. The Military Retiree Survivor Comfort Act, H.R. 657 proposes the legislation required to provide this financial relief to surviving families. It is requested that the Secretary support this legislation and encourage the Secretary of Defense and other Service Secretaries to also support its passage.

Point of Contact:
COL Jordan, USMC, RET
858-780-1641

Item No: C1-08

Subject: LOWER THE ELIGIBILITY AGE OF SURVIVING SPOUSES WHO REMARRY AND ENTITLED TO DEPENDENTS INDEMNITY COMPENSATION (DIC) TO 55

RECOMMENDATION:

That the Secretary of the Navy recommends that the Secretary of Defense and other Service Secretaries encourage the Secretary of Veterans Affairs to submit a legislative change to enable surviving spouses who remarry to continue to receive DIC on or after attaining age 55 vice the current age of 57

DISCUSSION:

Legislation passed in 2003 authorized a surviving spouse who remarries on or after December 16, 2003, and on or after attaining age 57, to continue to receive DIC. This change in law was a major improvement since it permitted a surviving spouse to remarry without a penalty. The issue is the age restriction is not consistent with other federal programs. Remarried survivors of retirees in other federal programs retain a similar benefit at age 55. Surviving spouses of veterans who died from service-connected disabilities should not be further penalized for remarriage.

Since many annuitants receiving SBP payments could and many do, receive DIC payments, remarriage restrictions for these benefits should be consistent.

ACTION NEEDED:

Since the payment of DIC is made by the Department of Veterans Affairs, it is more appropriate for that agency to initiate legislation changing this entitlement. Accordingly, it is recommended by the Council that the Secretary of the Navy encourage the Secretary of Veterans Affairs to submit legislation to change the age restriction in Title 38 United States Code, section 103(d)(2) from 57 to 55.

POC: COL JORDAN, USMC, RET
858-780-1641

Enclosure (3)

ADDITIONAL COMMENTS FOR THE SECRETARY

1. The Council applauds the ongoing efforts to provide care and support for our severely injured Sailors and Marines. The Marine Wounded Warrior Regiment and the Navy Safe Harbor Program are key elements of this effort. The Council recommends that a thorough review of these programs be conducted to examine the process, procedures, and execution to ensure that there are no disconnects as our Sailors and Marines transition through the system and that none of our severely wounded are left behind.

2. Some items from the Council's 2007 report were not concurred in and closed. These items continue to be of significant concern to the retired community and most are being addressed by Congress in proposed legislation. The Council recommends that the Secretary revisit these issues in light of the current congressional interest. These items include:

B-1.C.07 OCONUS SUPPORT TO MILITARY RETIREES - Postal The council thanks the Secretary for his efforts in support of raising the postal rates for retirees. The OCONUS Retiree Survey documented that this is a source of dissatisfaction for Navy and Marine Corps retirees residing overseas.

The council notes the reasons for DoN non concurrence are the cost of \$7 million in annual SDT and manpower. While little can be done about the cost, the manpower issue could be resolved through better utilization of retiree volunteers. The Council asks the Secretary to continue to note other service proposals.

B-1.D.07 OCONUS SUPPORT TO MILITARY RETIREES – OCONUS Retiree Survey. The OCONUS Retiree Survey provided much needed background information on issues needed by retirees living overseas. Of particular note is the amount of OCONUS retirees that would volunteer to support Base Commanders as well as the level of dissatisfaction caused by the 16 oz. limitation.

B-7.07 SPACE AVAILABLE TRAVEL FOR SURVIVING SPOUSES AND MINOR CHILDREN OF DECEASED MILITARY RETIREES. The response on this item indicated the request for the number of surviving spouses and minor children. A survey of council members confirms that a very small number of retirees utilize this benefit and it would be unlikely that the flood gates would open for surviving spouses to start. The recommendation was for Space Available, which would have no loss of mission capability for aircraft. The increase weight of one or two passengers to the fuel burn of a few flights would be less than an exhaustive study.

PROPOSED SECNAV RETIREE COUNCIL CHARTER REVISION

Retiree Council (RC). The RC is established to consider issues of significant importance to retired military personnel and their family members, to facilitate interaction between Department of the Navy leadership and the Navy-Marine Corps retired community, **including partnering with the Military Coalition, facilitating participation in Navy/ Marine volunteerism programs** and other aspects of the Retired Activities Program. In accomplishing these objectives, the council may review the effectiveness of current programs and policies affecting retirees. The Council may make recommendations concerning improvements to benefits, privileges, other assistance to retirees, quality of life and morale aspects of the retired community, and any other matters relating to retired personnel. Members of the RC are strongly encouraged to make themselves available to assist host commands located in their geographic area to plan and conduct Retiree Seminars/Appreciation Days as described in paragraph 4b. They are also encouraged to volunteer in local RAOs and RLOs. The Deputy Assistant Secretary of the Navy (Military Personnel Policy) (DASN(MPP)) will serve as the Executive Director of the RC.

Number	Recommendation	Partners	Actions
DOD-1	SECDEF consider other Department of Defense and government options to contain health care costs without penalizing beneficiaries	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bills pertaining to this recommendation have been introduced in Congress. (S.604 and H.R. 579) -continue to work with the Military Coalition
DOD-2	SECNAV encourage the Secretary of Defense and other Service Secretaries to support legislation and funding to allow concurrent receipt of military retired pay and VA disability compensation for all retirees, regardless of disability rating or years of service	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bills pertaining to this recommendation have been introduced in Congress. (S.439 and H.R. 333/303) -continue to work with the Military Coalition
DOD-3	SECNAV encourage the Secretary of Defense and other Service Secretaries to support legislation that would allow all recipients of Dependency Indemnity Compensation (DIC) and Survivor Benefit Plan (SBP) to receive both concurrently.	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bills pertaining to this recommendation have been introduced in Congress. (S.935 and H.R. 1927) - continue to work with the Military Coalition
DOD-4	SECNAV encourage the Secretary of Defense and other Service Secretaries to support legislation to amend the Internal Revenue Code (IRS) to allow retired military members and federal civilian annuitants to pay health insurance premiums on a pre-tax basis.	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bills pertaining to this recommendation have been introduced in Congress. (S.773 and H.R. 1110)-continue to work with the Military Coalition
DOD-5	SECNAV encourage the Secretary of Defense and other Service Secretaries to support legislation to authorize payment of dislocation allowance to members of the armed forces who are executing their final retirement orders after serving 20 or more years of honorable service	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bill pertaining to this recommendation has been introduced in Congress. (H.R. 2996) - continue to work with the Military Coalition
DOD-6	SECNAV encourage the Secretary of Defense and other Service Secretaries to support legislation to amend title 10, United States Code, to provide for forgiveness of certain overpayments of retired pay paid to deceased retired members of the Armed Forces	Military Coalition, Congress, Defense and Service Secretariats, Navy and Marine Corps Staff	Bill pertaining to this recommendation has been introduced in Congress. (H.R. 657) - continue to work with the Military Coalition
VA-1	SECNAV encourage the Secretary of Defense and other Service Secretaries to recommend to the Secretary of Veterans Affairs to submit legislation to enable surviving spouses who remarry to continue to receive DIC on or after attaining age 55 vice the current age of 57.	Military Coalition, Congress, Defense and Service Secretariats, Veterans Affairs, Navy and Marine Corps Staff	VA submit appropriate legislation

Recommendations		Partner
B.2.08	Medical	Make selected preventive services a covered benefit with no cost-shares for TRICARE Standard Beneficiaries.
	Medical	Provide an incentive to increase utilization of the TRICARE Mail Order Pharmacy (TMOP) by offering Tier 1 pharmaceuticals at no charge.
	Medical	Ensure language in new TRICARE contracts is uniform in the requirement to develop provider networks outside of the Prime Service Area (PSA) and to expand Prime Network availability.
	Medical	Improve communication between the managed care support contractors providing a seamless electronic transfer of patient enrollment data to ensure continuity of care.
	Medical	Improve the educational process for TRICARE beneficiaries moving from one TRICARE area to another and also utilizing the TRICARE benefits when an employer health care plan is available.
		TMA

Actions

Remove unnecessary barriers to proven evidence base preventive care by eliminating cost-shares for these services. Mr. Robert Moss, OSD, TMA (703) 681-3492; Nancy Swanson, (585) 394-7491
Implement a pilot program with a cost benefit analysis for 1 year and evaluate the results. Mr. Robert Moss, OSD, TMA (703)-681-3492; Nancy Swanson, (585) 394-7491
Future TRICARE contracts should include language that ensures a uniform benefit that expands TRICARE Prime provider networks outside of Prime Service Areas. Mr. Robert Moss, OSD, TMA (703) 681-3492; Nancy Swanson, (585) 394-7491
Ensure that processes are in place and reviewed for efficacy to provide for timely transmission of patient enrollment data from one region to another. Mr. Robert Moss, OSD, TMA (703) 681-3492; Nancy Swanson, (585) 393-7491
Review and improve current processes for communication of information about TRICARE to beneficiaries. Mr. Robert Moss, OSD, TMA, (703) 681-3492, Nancy Swanson (585) 394-7491.

Other Partners and Resources	Potential Impact if Accepted	Comments
Veteran Service Organizations, Other Gov't Agencies, State Agencies, VA, TriCare, MTFs,	More effective recruitment, training, and utilization of volunteers. Greater accountability of RAO functions.	
Local media (radio, tv, newspaper), Sea Cadets, Young Marines, JROTC, VSOs	Navy Auxilliary could support active forces by providing a well trained and available supplemental force. An auxilliary force would provide a positive recruitment tool being able to enter schools and other locations where recruiters are less welcome.	
Veteran Service Organizations	Local commanders would be able to use volunteers in more areas to support both operational and administrative roles.	
Web masters for Army, Air Force, Navy, and Marine Corp Web Sites that apply to retirees.	Navy and Marine Corp retirees would have access to SecNav Council information in a location that is easily accessible.	